

## ECONOMIC IMPACTS OF THE MILITARY BASES IN WASHINGTON

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## NAS Whidbey in Island County

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Island County is home to Naval Air Station Whidbey, a modern facility providing marine reconnaissance and electronic warfare capabilities. Other than this base, Whidbey Island is a largely rural area. Consequently, nearly 88 percent of all economic activity in Island County is directly and indirectly linked to the Navy presence.

### Direct Impacts

The direct impacts of this base include employment, payrolls, retiree pension, payments to private health care providers, and purchases of goods and services from local vendors. These impacts are shown in Table 1. On base employment of over 10,066 constitutes 68 percent of total employment in Island County. The annual payroll earned by these civilian and military workers is \$399.1 million, 52 percent of countywide labor earnings. The Navy operates a hospital in Oak Harbor. However, the services offered at the Navy hospital are supplemented with \$14.1 million of health care services purchased from private providers. Military retiree pensions are administered through the bases, and many retirees live in counties near the base administering their pension so that they can take advantage of on-base services such as overseas travel or access to commissaries. Pensions administered at NAS Whidbey sum to \$91.1 million annually. Contracts let by the base for a variety of goods, services, and on-base construction total \$12.2 million. Active duty personnel, military retirees, and their spouses and dependents are eligible to use the on-base retail facilities provided by commissaries and base exchanges. Spending at these facilities does not impact the state economy in any way unless the goods are provided by in-state vendors (captured in the contracts data). Therefore, the payroll and pension amounts are reduced by the \$22 million spent at the commissaries and base exchanges in Island County to calculate net direct impact as shown in Table 1. This net direct impact sums to \$494.5 million.

### 1 – Direct Impacts of Major Military Bases in Island County, 2003

Employment, uniformed and civilian	10,066
Payroll	\$399.1 million
Military retiree pensions	\$91.1 million
TriCare payments to private providers	\$14.1 million
Contracts for goods and services	\$12.2 million
On-base retail spending	\$22.0 million
Net direct impact*	\$494.5 million

\* Reduced by on-base retail spending

In addition, the federal government compensates school districts for schooling the dependents of federal employees including service personnel. School districts in Island County receive \$4.5 million annually in impact aid for schooling of the dependents of military personnel.

### Multiplier Impacts

When military related payrolls get spent within the county or state, and when the base lets contracts to businesses in the county or state, these expenditures have multiplier or indirect impacts that generate additional economic activity. These multiplier impacts are estimated using a new input-output model just released by the Office of Financial Management, resulting in total impact estimates (the sum of direct impacts and the multiplier impact). NAS Whidbey directly and indirectly account for nearly 17,500 jobs in Island County and over 20,100 statewide. The total impacts in terms of labor earnings sum to \$674 million within Island County (about 88 percent of wage disbursements in this county) and nearly \$775 million statewide.

### 2 – Total Impacts of the Major Bases in Island County

Employment in Island County	17,494
Statewide employment	20,141
Labor earnings in Island County	\$674 million
Statewide labor earnings	\$775 million